

FAQs Addressing CDCI Repayment

If my institution determines that it would like to redeem its CDCI investment, what is the process?

Please notify your primary regulator of your desire to redeem. Also, please notify Treasury at CDCI@treasury.gov. After receiving your notice, Treasury and your primary regulator will consult about the request. When such consultations have been completed, we will contact you to discuss the redemption request and as appropriate provide the contact information for UST outside counsel that will be handling the redemption. Details of the redemption and completion of all necessary documentation will be handled by outside UST counsel.

What does the consultation with my primary regulator involve?

Treasury will request that your primary federal regulator directly contact Treasury to consent to your redemption request. Treasury cannot accept correspondence between your institution and its appropriate federal banking agency in lieu of the formal notification described above.

Can my bank redeem part of its CDCI investment at this time?

CDCI participants wishing to redeem part of its CDCI investment must redeem an amount that is not less than the greater of (i) 5% of the aggregate liquidation preference or principal amount of the preferred or subordinated debentures issued on the original issue date or (ii) \$100,000.

Where should my institution send the money?

It is important that you go through the process noted above to get detailed transfer instructions to make sure that all payments are attributed correctly.

Can my institution purchase the warrants at the time we redeem Treasury's investment?

Yes. If your institution has outstanding warrants from originally participating in the Capital Purchase Program (CPP), you may do so pursuant to the rights provided for under Section 4.9 of the CPP Securities Purchase Agreement, which permits the issuer to repurchase the warrants at "fair market value" as defined in the agreement, which details the procedure for determining this value. Treasury will work with you to facilitate the repurchase process. Your warrants cannot be sold to an investor until you have had an opportunity to repurchase them. Warrants cannot be repurchased until all outstanding preferred stock has been repurchased.

If my institution does not purchase the warrants at this time, what happens to them?

If your bank does not choose to exercise its option to repurchase the warrants, Treasury will attempt to liquidate the warrants as soon as possible.

When my institution repays Treasury's investment, are we responsible for unpaid dividends?

Yes. In the case of the cumulative senior preferred and subordinated debentures, you must pay any accrued and unpaid dividends. In the case of the non-cumulative senior preferred, you

must pay accrued and unpaid dividends for the current dividend period, regardless of whether any dividends are actually declared for that period.